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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/771,340	01/26/2001	Alastair M. Reed	EWG-136 US	6795
23735	7590	07/26/2005	EXAMINER	
DIGIMARC CORPORATION 9405 SW GEMINI DRIVE BEAVERTON, OR 97008			AHMED, SAMIR ANWAR	
			ART UNIT	PAPER NUMBER
			2623	
DATE MAILED: 07/26/2005				

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/771,340	REED ET AL.
Examiner	Art Unit	
Samir A. Ahmed	2623	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).

Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 09 May 2005.

2a) This action is **FINAL**. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-9 and 11-21 is/are pending in the application.
4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-9 and 11-21 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) All. b) Some * c) None of:
1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)
2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 5/09/05.

4) Interview Summary (PTO-413)
Paper No(s)/Mail Date. ____ .
5) Notice of Informal Patent Application (PTO-152)
6) Other: ____ .

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 5/09/05 has been entered.
2. The amendment filed 5/09/05 have been entered and made of record.
3. Applicant's arguments filed 5/09/05 have been fully considered but they are not persuasive for the following reasons:

As to claims 1, 2, 3, 12, 13, 20, 21 Applicant alleges, "This preferred projection is typically not projected onto luminance axis [.]" (page 9, last four lines- page 12, line 9). The Examiner disagrees. Firstly, claim 2 does not preclude the projection being onto luminance axis. Secondly, in response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., the preferred projection is typically not projected onto a luminance axis [see, e.g., page 2, line 12-14]) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Thirdly, the Background section discusses projecting color changes onto a luminance axis along a particular color axis (page 2, lines 13-14), and calculating the luminance

values (color characteristics) in an area surrounding a particular pixel (page 2, lines 16-17), which reads on the claims as broadly claimed.

As to claim 17 Applicant alleges, "The Kawakami reference is not understood to determine a color direction [,]" (page 12, line 24-page 13, line 5). The Examiner disagrees. Kawakami discloses converting a color signal into I, C1, C2. C1 and C2 indicate color difference in a color direction and adding (embedding) in the direction from blue to yellow (first color direction) (col. 5, lines 3-45, lines 64-66). The direction of the color difference is determined from 1 to n pixels (col. 8, lines 38-41).

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.

Claims 1-3, 11-14, 16, 20, 21 are rejected under 35 U.S.C. 102(a) as being anticipated by Background of the instant Application. The grounds for rejections stated in paragraph 4 of the Office Action mailed on 01/11/05, are incorporated by reference herein.

As to claim1, background of the instant application discloses, as a known technique, a method of filtering data (Page 2, Lines 1-5) prior to reading a digital watermark that was inserted using a scale to black technique (Page 1, Lines 18-21) comprising:

projecting color values of each pixel onto a preferred projection axis that is adaptively determined by examining color of at least some of the pixels surrounding each pixel, and reading the watermark from resulting data (Page 1, Lines 16-27. The number of pixels in digital watermark is not identified, and the watermark can be reasonably assumed to be associated with only one pixel.), whereby watermark reading is aligned to watermark insertion [embedding and reading techniques select a particular

color plane of an image and imbed and read the watermark into and from that color plane (i.e., the same color plane aligns the watermark reading and insertion) (page 1, lines 29-31).

As to claims 2-3, 11-14, 16, 20, 21, refer to claims 2-3, 11-14, 16, 20, 21 rejections stated in paragraph 4 of the Office Action mailed on 01/11/05, are incorporated by reference herein.

Claim Rejections - 35 USC § 102

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

4. Claims 17 and 19 are rejected under 35 U.S.C. 102(b) as being anticipated by Kawakami et al. (U.S. 5,652,626). The grounds for rejections stated in paragraph 6 of the Office Action mailed on 01/11/05, are incorporated by reference herein.

As to claim 17, Kawakami et al disclose a method of inserting first and second watermark in an image comprising:

Inserting said first watermark in said image in a first color direction and inserting said second watermark in a color direction orthogonal to the color direction of said first watermark (col. 5, lines 3-45, lines 64-66; col. 8, lines 38-41; column 17, Lines 30-67; column 18, Lines 1-66. Formulas 37-39 illustrate different watermarks are embedded in first, second and three color directions (R,G and B in RGB color space. These directions are inherently orthogonal.).

As to claim 19 refer to claim 19 rejection rejections stated in paragraph 6 of the Office Action mailed on 01/11/05, are incorporated by reference herein.

5. Claims 1-9, and 11-21 are rejected under 35 U.S.C. 102(b) as being anticipated by Braudaway et al. (U.S. 5,825,892). The grounds for rejections stated in paragraph 7 of the Office Action mailed on 01/11/05, are incorporated by reference herein.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

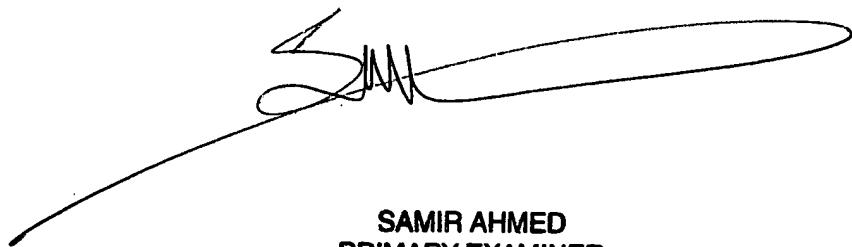
7. Claims 4-9 and 15 rejected under 35 U.S.C. 103(a) as being unpatentable over Background of the instant application. The grounds for rejections stated in paragraph 9 of the Office Action mailed on 01/11/05, are incorporated by reference herein.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Samir A. Ahmed whose telephone number is (571) 272-7413. The examiner can normally be reached on Mon-Fri 8:30am-6:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Amelia Au can be reached on (571) 272-7414. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

SA

A handwritten signature in black ink, appearing to read "SA" followed by a stylized name.

SAMIR AHMED
PRIMARY EXAMINER